Weekly Economic Review

Alberta unemployment rate surges

Labour Market

Ongoing labour market woes

Alberta saw mild job losses in July totaling 1,400. This was the fourth-straight month of job losses, with employment down almost 50,000 from March. The modest job losses combined with more Alberta residents searching for work caused the unemployment rate to surge by 0.7 percentage points to 8.6%, marking the first time since 1995 that it has been above 8.0% (Chart 1). An increase in part time employment mostly offset a loss of 10,600 full time jobs.

Nationally, employment fell by 31,200 in July, with sizeable job losses in Ontario (-36,100) and Quebec (-4,000). The unemployment rate ticked up to 6.9%.

Merchandise Trade

Broad-based losses

The value of Alberta exports was $6.3 billion in June, a 15% year-over-year (y/y) decline. Energy exports were down 17% y/y, largely reflecting production cutbacks related to the Fort McMurray wildfire. Non-energy exports also contributed to the decline, falling 12% y/y due to broad-based weakness.

Railway Carloadings

Fewer railcars

Western Canada shipped 136,268 railcars in May. This amounted to an 11% y/y decline that mainly stemmed from fewer agricultural railcars (-17% y/y), and fewer energy railcars (-12% y/y). Western Canada railcars have decreased by 4.2% year-to-date (ytd) as broad-based weakness outweighed growth in wood product railcars (+12% ytd).

Bank of England

UK central bank launches stimulus package

In response to weakening economic data following the Brexit vote, the Bank of England reduced the official bank rate from 0.50% to a record low of 0.25%. This was the first interest rate change since 2009. The Bank of England also announced new asset purchases (quantitative easing) along with a new bank funding program. Although global financial markets have bounced back from the initial shock of the Brexit vote, the heightened uncertainty around Brexit continues to depress currency markets and bond yields, weighing on consumer and business confidence. The Bank of England lowered its 2017 and 2018 economic growth outlook to reflect the lower activity and confidence.

US Employment

Second consecutive month of large job gains

US employment saw strong gains in July following impressive gains in June. US Non-farm payrolls increased by 255,000 in July, along with an upward revision to 292,000 jobs in June. The two strong back-to-back monthly gains have reversed earlier weakness seen in the spring. The service sector continued to account for nearly all of the monthly gains, while job growth in the goods sector remained tepid, as the mining sector posted the 22nd straight month of losses.

Chart 1: Unemployment rate climbs

Unemployment rates in Alberta and Canada

Source: Statistics Canada

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.

Alberta Government

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Treasury Board and Finance

Economics and Revenue Forecasting